

co-operate for their mutual benefit, and as far as possible away from the State fixation of wages, and from the rigidity of standardized and cost-increasing regulations, which bring so much of regimentation and stagnation in industry.

The Economic Position of the Farmer in New Zealand.

Professor Belshaw : I had intended to put in this supplementary memorandum, as Professor Murphy says, as an exhibit, together with the report on unemployment. The memorandum which I had prepared for the Conference has not yet been printed, and is therefore not available. I should first, before reading this memorandum, like to endorse what Professor Tocker has said in reference to the importance of the work done by the Statistical Office. I have heard it said by authorities that the work of the Statistical Office in New Zealand is comparable with the best in any part of the world, and, despite the considerable difficulties which are involved in statistical work, I feel that the figures are as reliable as statistical figures are in most countries. I would suggest the advisability of assisting the Government Statistician when he is out to obtain further information. I think that a great deal of the value of this Conference will depend not only upon its deliberations, but upon the solution of the problems which it refers for special investigation to selected bodies afterwards. I would remind you of the existence of the National Council for Industrial and Scientific Research, and would suggest the advisability of making use of that body and in taking advantage of the service of that body. This particular paper which I have been asked to read this morning has been prepared for the May issue of the *Economic Record*, and will appear shortly. For that reason I should prefer that it should not be released for outside publication until after that date.

Mr. Henderson : How do you think your suggestion will be carried out, in view of the reporting of it to-day ?

Professor Belshaw : I do not imagine that the newspapers will produce the tables, and if they are omitted the publishers of the *Economic Record* will not object to the publication of the other matter. The paper is as follows :—

THE ECONOMIC POSITION OF THE FARMER IN NEW ZEALAND.*

By H. BELSHAW, M.A.(N.Z.), Ph.D. (Cambridge), Professor of Economics, Auckland University College.

[This paper has been prepared for publication in the May issue of the *Economic Record*. For this reason it is not intended for release until after that date, and the writer requests that the rights of prior publication by the *Economic Record* be safeguarded.]

1. INTRODUCTORY.

One of the most serious post-war economic problems is the widespread depression in farming industries. From almost every country come disquieting evidences that the remuneration which goes to the farmer is inadequate when compared with pre-war standards. In almost every country, the farmer complains of the shrinkage of his income and of the additional burden which he is called upon to bear. It is the purpose of this article to examine in broad outline the conditions responsible for the post-war depression in farming industries in New Zealand. I shall endeavour to concentrate on general problems. My remarks do not apply to every farmer, nor do they apply to the same degree to every branch of farming. Certain problems, such as those related to depreciated farms, are not discussed, though no doubt the conditions on which they depend are often closely related to those which will be considered. In order to throw into clear light the burdens which are pressing on the farming industry it is necessary to take an earlier period as a basis for comparison, and the years immediately prior to the war are selected. Though it is true that the rewards to farming, as distinguished from the returns consequent on appreciated land-values, have seldom been commensurate over a period with the labour and enterprise expended, yet it will be conceded by most that the years immediately prior to the war were years in which the farmer's position was at least tolerable. The following analysis will show that, apart from improved efficiency, the returns from which the farmer might reasonably expect to appropriate to himself, the present position of agriculture is appreciably worse than in 1914, and is therefore unsatisfactory.

2. AGRICULTURAL NET INCOME.

The problem with which we are confronted is to discover, if possible, whether or not the real net income of the farmer is greater or less than in the years immediately prior to the war, and, if less, to evaluate the importance of the influences responsible for the decline. Neglecting the value of home-grown foods, and the shelter which the farm affords, the real net income of the farmer consists of the things which he can buy with his net money income, and changes in this real net income will be indicated by the formula—

$$\frac{\text{Gross income} - \text{All charges}}{\text{Retail prices.}}$$

The best available index of changes in gross money income is the movement of export prices. In order to obtain an exact measure of such changes we should have to multiply the number of units of produce sold by their price at the farm. It would be necessary to correct the index number of export

* This article has been developed out of a lecture which was delivered before the Auckland Chamber of Commerce and the Hamilton Chamber of Commerce in August, 1927, and repeated later before an audience of Waikato farmers. It has been modified somewhat in the light of the controversy which it aroused, though the main conclusion remains substantially unchanged. I express my thanks to my critics, both friendly and otherwise, and especially to Dr. E. P. Neale, and Mr. Malcolm Fraser, Government Statistician, for useful suggestions.